



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 351** SLS 12RS 789
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ #2 HSE COMM AMD**
Proposed Amd.: **w/ PROP HSE FLOOR AMD**
Sub. Bill For.:

Date: June 1, 2012 9:04 AM	Author: MURRAY
Dept./Agy.: Local Governments / Revenue	
Subject: Continue Auto Rental Excise Tax As Local Tax	Analyst: Greg Albrecht

TAX/LOCALRE2 +\$3,800,000 LF RV See NotePage 1 of 1

Authorizes the parishes of Orleans and Jefferson to establish an automobile rental tax district and levy an automobile rental tax not to exceed two and one-half percent beginning July 1, 2012. (gov sig)

Current law imposes a 3% excise tax on short-term auto rentals. The state portion is a 2.5% levy and a local portion of 0.5% is included. The Department of Revenue collects the entire 3% levy and distributes the local portion back to the parish of rental. The tax has been in affect since 1991, but expires at the end of FY 2012.

Proposed law authorizes the parishes of Calcasieu, Jefferson and Orleans to levy a local tax up to 3% beginning July 1, 2012 by adoption of an ordinance or resolution, but only after approval of a majority of the registered voters of a parish at a regularly scheduled election in the parish. The bill also provides for the distribution of the avails of the tax in Calcasieu, Jefferson, and Orleans Parishes among various entities and purposes.

Proposed House Floor Amendment by Rep. Connick authorizes parishes or municipalities to create local transportation districts. The districts are authorized, with voter approval, to impose annual vehicle license taxes on automobiles (by value) and other vehicles (by weight or other basis) similar to those levied by the state. Proceeds are to be used for transportation maintenance within districts.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	\$3,800,000	\$3,800,000	\$3,800,000	\$3,800,000	\$15,200,000
Annual Total		\$3,800,000	\$3,800,000	\$3,800,000	\$3,800,000	\$15,200,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Collection and distribution processes have been in place for some 22 years. The Department of Revenue should be able to continue those processes with respect to the particular local jurisdictions (if any) that choose to continue the local levy portion with little or no additional cost.

REVENUE EXPLANATION

The bill authorizes three local governments (Calcasieu, Jefferson, and Orleans parishes) to continue a tax collected for local governments that has been in place for some 22 years. However, the bill authorizes a levy up to 3%, rather than the 0.5% collected for local governments currently. The total tax burden will actually be unchanged from 3%, since both the existing state levy (2.5%) and local levy (0.5%) are expiring. In the last year, the 0.5% levy generated approximately \$26,000 in Calcasieu Parish, \$544,000 in Jefferson Parish, and \$53,000 in Orleans Parish. A levy of 3% in each parish would result in collections of approximately \$156,000 in Calcasieu Parish, \$3.3 million in Jefferson Parish and \$318,000 in Orleans Parish. The total for these three parishes would be approximately \$3.8 million per year, and only that amount is depicted in the table above.

The requirement of a local election at a regularly scheduled parish election means that should these parishes impose this levy, they will not be able to collect the tax for a full year in FY13. The table above depicts the maximum effect if both parishes levy the tax by FY14. Relative to current law, the authorization in the bill represents a tax increase from a prospective baseline of zero tax on these transactions. Relative to current practice, the authorization in the bill represents no change in tax from a historical baseline of 3% tax on these transactions. The state portion of the total levy (2.5%) also expires at the end of FY12, but the loss of the associated state receipts has already been incorporated into state revenue forecasts and budgeting.

Proposed House Floor Amendments provide a statewide authorization for parishes and municipalities to create districts, whose boundaries are as established in the local creating ordinance. An estimate of likely local vehicle license tax proceeds can not be made due to various unknown factors such as which parishes and municipalities may exercise this authority, the boundaries of such districts, approval by voters, and the structure of the taxes levied on motor vehicles other than private automobiles (the amendment describes the tax structure allowed on private automobiles). The amendment language appears to allow local vehicle license taxes comparable to the state-level vehicle license taxes. If all vehicles subject to the state taxes were also subject to the local taxes authorized by this amendment, total statewide local tax collections would be some \$80 million per year. Actual likely collections may be substantially less than this statewide state level amount. No speculative amount of collections associated with this amendment is included in the table above.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input checked="" type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	H. Gordon Monk Legislative Fiscal Officer